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FISCAL IMPACT STATEMENT

LS 7246

BILL NUMBER: SB 563

NOTE PREPARED: Feb 18, 2013

BILL AMENDED: Feb 18, 2013

SUBJECT: Various Motor Vehicle Issues.

FIRST AUTHOR: Sen. Arnold J

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill has the following provisions:

- (1) Amends various provisions concerning certificates of title and registrations for motor vehicles and watercraft.
- (2) Relocates chapter concerning special identification numbers.
- (3) Amends various provisions concerning license plates.
- (4) Provides that amateur radio license plates are issued on a semipermanent basis.
- (5) Exempts recipients of Purple Heart license plates from parking fees and fines.
- (6) Amends various provisions relating to abandoned vehicles and mobile homes.

Effective Date: July 1, 2013.

Explanation of State Expenditures: *Summary:* By requiring that personalized license plates (PLPs) be issued on the same five-year cycle as other license plates, this bill could result in 3M and PEN PRODUCTS cost savings of \$806,000 between FY 2014 and FY 2018, which would be passed on to the state.

The bill also (1) codifies current practices of the Bureau of Motor Vehicles (BMV), (2) repeals license plates that are currently not issued by the BMV, and (3) makes other changes that are not expected to have a fiscal impact on the BMV.

The bill does allow an individual to request a motorcycle license plate for the Support Our Troops, Abraham Lincoln, and Gold Star Family license plates. This provision could increase state expenditures to produce three

new motorcycle license plates, which are expected to be offset by registration fees paid by requesting individuals.

Additional Information:

Special Group Plate Administrative Fees: The BMV collects a \$15 administrative fee for most specialty group license plates; however, it does not charge an administrative fee for the Support Our Troops, Gold Star Family, and Abraham Lincoln license plates.

PEN PRODUCTS charges the BMV \$2.70 for a motorcycle plate. By allowing the BMV to offer additional options for motorcycle plates, this bill could increase BMV expenditures. As a result of this bill, if there is an increase in demand for these three license plates by offering them for motorcycles, any increase in demand could be offset by decreases in requests for currently existing motorcycle plates.

Changes to Personalized License Plates: The BMV reports that between FY 2007 and FY 2011, approximately 223,000 PLPs were issued (both renewals and new requests for PLPs), or an average of 44,500 per year.

License plates vary in their production costs. As reported by PEN PRODUCTS, the manufacturing arm of prison-made products, the BMV is charged anywhere from \$2.70 (motorcycle plate) to \$3.67 (multi-color regular license plate) per plate requested. The BMV provided data on the numbers of PLPs issued per year between FY 2007 and FY 2011 by plate cost. As a result of this bill, plate costs are expected to decrease by \$628,000 between FY 2014 and FY 2018.

In addition, the cost savings noted above only account for the plate production costs. The BMV reports the changes in the bill will also decrease the costs to 3M (the contracted provider of license plates) to process, package, and mail license plates. Assuming the cost to process, package, and mail license plates is approximately \$1 per plate, this bill is expected to decrease 3M expenditures by approximately \$178,000 between FY 2013 and FY 2017.

Explanation of State Revenues: *Summary:* This bill could (1) increase demand for Purple Heart license plates, (2) increase revenue deposited in the Indiana State Museum Foundation Trust Fund and the Military Family Relief Fund, and (3) increase revenue collected from Class C infractions judgments. Changes in revenue are indeterminable.

Additional Information:

Motorcycle License Plates: Under the bill, the Abraham Lincoln, Gold Star Family, and Support Our Troops license plates can be offered for motorcycles. If this bill increases the number of requests for the Abraham Lincoln and the Support Our Troops license plates, revenue collected from group fees could increase for the Indiana State Museum Foundation Trust Fund and the Military Family Relief Fund, respectively. The group fee for the Abraham Lincoln license plate is \$25 and for the Support Our Troops license plate is \$20. No group fees are collected for the Gold Star Family license plate.

Purple Heart License Plate: This bill could create an incentive for any Purple Heart recipient who currently

maintains another license plate to request a Purple Heart license plate to avoid paying parking fees and fines. The potential fiscal impact to the state would depend on whether the BMV collects administrative fees for the license plate an individual replaces with a Purple Heart license plate.

According to the BMV, there were approximately 6,100 Purple Heart license plates issued or renewed in FY 2012.

Because there are no administrative fees collected for the issuance of the Purple Heart license plate and other armed services branch-specific license plates, any shift in demand between an armed services branch-specific license plate and a Purple Heart license plate is expected to have no fiscal impact. However, to the extent a Purple Heart recipient currently holds another special group license plate where administrative fees are collected and the individual switches to a Purple Heart plate, state revenue could decrease. The potential decrease in state revenue is indeterminable, but is expected to be small.

Currently, the BMV charges \$40 in administrative fees per specialty group license plate. Of the \$40, \$25 is forwarded to a trust fund for the special group and the remaining \$15 is withheld by the BMV. Of the \$15 withheld by the BMV, \$5 is used for purposes of administering the special group license plate program, \$9 is deposited in the State License Branch Fund, and \$1 is deposited in the Crossroads 2000 Fund.

(Revised) *Penalty Provision:* The only new penalty provision added by this bill is for individuals who, with the intent to conceal evidence of the commission of a crime, operate a motor vehicle with a defaced, removed, destroyed, or obliterated identification number and have not applied for a special identification number with the BMV. This offense is punishable as a Class C infraction. The maximum judgment for a Class C infraction is \$500, which would be deposited in the state General Fund. However, any additional revenue is likely to be small.

Explanation of Local Expenditures: This bill is not expected to have a substantial impact on the workload of local governments with regards to parking enforcement. For more information, see *Explanation of Local Revenues*, below.

Explanation of Local Revenues: *Exemption from Parking Fees and Fines:* Currently, individuals who possess a Disabled Hoosier Veteran or Prisoner of War license plate are exempt from paying parking fees and fines (IC 9-18-17-4 and IC 9-18-18-2). By expanding the same privilege to individuals who possess a Purple Heart license plate, more individuals would become exempt from parking fees and fines. As a result, local governments could lose some parking revenue. The potential decrease in local revenue is indeterminable.

Indianapolis Parking Contract: The bill also could reduce the net revenue received by the city of Indianapolis under its parking meter concession agreement if the city must reimburse the concessionaire for waived parking fees and fines for people who hold a Purple Heart license plate. The city of Indianapolis indicates that the impact is expected to be minimal.

Penalty Provision: If additional court actions are filed and a judgment is entered, local governments would receive revenue from court fees. However, any additional revenue is likely to be small.

State Agencies Affected: BMV.

Local Agencies Affected: All.

Information Sources: Mark Goodrich, BMV; City of Indianapolis.

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